

Message Text

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ACTION EUR-12

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DEPT PASS EXIMBAN AND CIEP

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SUBJECT: RCA/CORNING COLOR-TELEVISION PROJECT

REF STATE 014182 (NOTAL), WARSAW 0340

1. VICE PREMIER WRZASZCZYK ASKED ME TO CALL ON HIM JANUARY 21 TO TELL ME THAT HE WAS SENDING A DELEGATION TO THE UNITED STATES JANUARY 25 WITH THE MAIN OBJECTIVE OF SPEEDING FAVORABLE EXIMBANK ACTION ON THE FINANCING FOR THE COLOR PICTURE-TUBE PROJECT. HE SAID THE DELEGATION WOULD INCLUDE VICE CHAIRMAN OF THE PLANNING COMMISSION JAN CHYLINSKI, VICE MINISTER OF MACHINE INDUSTRY STANISLAW PASZKOWSKI, AND VICE PRESIDENT OF BANK HANDLOWY JAN WOLOSZYN. CHYLINSKI, WHO HAS MINISTERIAL RANK AND IS A FULL MEMBER OF THE PZPR CENTRAL COMMITTEE, WILL BE THE PRINCIPAL MEMBER OF THE DELEGATION. CHYLINSKI AND PASZKOWSKI WERE PRESENT DURING MY MEETING WITH WRZASZCZYK.

2. AS IN HIS PREVIOUS CONVERSATIONS WITH ME ON THIS PROJECT, WRZASZCZYK STRESSED THE NEED FOR QUICK ACTION.

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HE ALSO EMPHASIZED THAT, ALTHOUGH THE CONTRACTS WITH

RCA AND CORNING HAD BEEN INITIALLED, THEY WERE INVALID UNLESS ADEQUATE FINANCING WERE SECURED. HE SAID THE JAPANESE CONTINUED TO OFFER A VERY ATTRACTIVE PACKAGE TO REPLACE THE RCA/CORNING PROPOSITION. ONE OF THE MOST ATTRACTIVE FEATURES OF THE JAPANESE PACKAGE, ACCORDING TO WRZASZCZYK, WAS THE GOOD FINANCING TERMS IT INCLUDED. WRZASZCZYK SAID HE VERY MUCH HOPED EXIMBANK WOULD MEET THIS COMPETITION.

3. I EXPLAINED TO THE VICE PREMIER THAT THE EXIMBANK WAS WORKING EXPEDITIOUSLY, BUT THAT THE PROJECT WOULD PROBABLY ALSO REQUIRE A PRESIDENTIAL DETERMINATION AND HAVE TO BE SUBMITTED TO CONGRESS. WRZASZCZYK INDICATED HE WAS AWARE OF THESE REQUIREMENTS, BUT HOPED THAT IT WOULD BE POSSIBLE AT LEAST TO COMPLETE THE EXIMBANK'S CONSIDERATION OF THE PROJECT DURING HIS DELEGATION'S VISIT TO THE UNITED STATES. HE INDICATED CHYLINSKI AND PARTY WOULD BE RETURNING TO POLAND THE WEEKEND OF JANUARY 31.

4. WRZASZCZYK DID NOT DISCUSS FINANCING TERMS IN DETAIL, BUT EXPRESSED THE STRONG HOPE THAT EXIMBANK'S PARTICIPATION COULD BE HIGHER AND ITS INTEREST RATE LOWER THAN HE UNDERSTOOD THE BANK WAS CURRENTLY CONSIDERING OFFERING. (HE ALSO REFERRED TO THE POLITICAL ADVANTAGE WHICH THE US WOULD DERIVE FROM HAVING RCA PICTURE TUBES IN MANY POLISH HOMES.) HE SAID THAT THIS PROJECT WOULD INVOLVE THE LARGEST AMOUNT OF US EXPORTS OF MACHINERY TO POLAND OF ANY SO FAR CONCLUDED. IT WAS CONSEQUENTLY RECEIVING TOP-LEVEL CONSIDERATION IN THE POLISH GOVERNMENT.

5. COMMENT: WRZASZCZYK'S CONTINUED ACTIVE INVOLVEMENT WITH THIS PROJECT AFTER HIS ASSUMPTION OF GREATLY EXPANDED RESPONSIBILITIES AS VICE PREMIER, CHAIRMAN OF THE PLANNING COMMISSION, AND CANDIDATE MEMBER OF THE POLITBIURO, INDICATES THAT HE REMAINS PERSONALLY COMMITTED TO IT. HIS INTERVENTION OF JANUARY 21 ALSO PROBABLY INDICATES THAT THERE CONTINUES TO BE OPPOSITION WITHIN THE POLISH GOVERNMENT TO DOING THE LIMITED OFFICIAL USE

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PROJECT AT ALL OR DOING IT WITH THE US AT A HIGHER PRICE AND WITH LESS ADVANTAGEOUS FINANCING THAN WOULD BE AVAILABLE FROM ANOTHER SOURCE. HIS DESIGNATION OF CHYLINSKI, WHOSE HIGH PARTY CREDENTIALS UNDERLINE HIS POLITICAL WEIGHT, AS HEAD OF THE DELEGATION, ALSO POINTS IN THIS DIRECTION. WRZASZCZYK SEEMED EAGER TO GET THIS PROJECT ENTIRELY NAILED DOWN AS SOON AS POSSIBLE. END COMMENT.

6. RECOMMENDATION: I STRONGLY URGE THAT EXIMBANK
GIVE VERY EXPEDITIOUS HANDLING TO THIS PROJECT IN
THE MOST FAVORABLE MANNER POSSIBLE, AND THAT EXIMBANK'S
ACTION ON IT BE COMPLETED BY JANUARY 31. I ALSO
URGE THAT CONSIDERATION BE GIVEN, IN CONSULTATION WITH
THE POLISH EMBASSY, TO ARRANGING APPROPRIATE APPOINT-
MENTS FOR CHYLINSKI AND PARTY WITH CIEP, COMMERCE, AND
SELECTED MEMBERS OF CONGRESS. (WE HAVE SUGGESTED
THAT THE POLISH GROUP SEE DAVID EVANS AT CIEP).
DAVIES

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